

Auditing Procedures Report V1.04

Reset Form

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Issued under Public Act 2 of 1968, as amended.

Unit Name	Brady Township	County	SAGINAW	Type	TOWNSHIP	MuniCode	
Opinion Date-Use Calendar	August 10, 2008	Audit Submitted-Use Calendar	August 11, 2008	Fiscal Year-Use Drop List	2008		

If a local unit of government (authorities & commissions included) is operating within the boundaries of the audited entity and is NOT included in this or any other audit report, nor do they obtain a stand-alone audit, enclose the name(s), address(es), and a description(s) of the authority and/or commission.

Place a check next to each "Yes" or non-applicable question below. Questions left unmarked should be those you wish to answer "No".

<input checked="" type="checkbox"/>	1. Are all required component units/funds/agencies of the local unit included in the financial statements and/or disclosed in the reporting entity notes to the financial statements?
<input checked="" type="checkbox"/>	2. Does the local unit have a positive fund balance in all of its unreserved fund balances/unrestricted net assets?
<input type="checkbox"/>	3. Were the local unit's actual expenditures within the amounts authorized in the budget?
<input checked="" type="checkbox"/>	4. Is this unit in compliance with the Uniform Chart of Accounts issued by the Department of Treasury?
<input type="checkbox"/>	5. Did the local unit adopt a budget for all required funds?
<input checked="" type="checkbox"/>	6. Was a public hearing on the budget held in accordance with State statute?
<input checked="" type="checkbox"/>	7. Is the local unit in compliance with the Revised Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, and other guidance as issued by the Local Audit and Finance Division?
<input checked="" type="checkbox"/>	8. Has the local unit distributed tax revenues, that were collected for another taxing unit, timely as required by the general property tax act?
<input checked="" type="checkbox"/>	9. Do all deposits/investments comply with statutory requirements including the adoption of an investment policy?
<input checked="" type="checkbox"/>	10. Is the local unit free of illegal or unauthorized expenditures that came to your attention as defined in the Bulletin for Audits of Local Units of Government in Michigan, as revised (see Appendix H of Bulletin.)
<input checked="" type="checkbox"/>	11. Is the unit free of any indications of fraud or illegal acts that came to your attention during the course of audit that have not been previously communicated to the Local Audit and Finance Division? (If there is such activity, please submit a separate report under separate cover.)
<input checked="" type="checkbox"/>	12. Is the local unit free of repeated reported deficiencies from previous years?
<input checked="" type="checkbox"/>	13. Is the audit opinion unqualified?
	14. If not, what type of opinion is it? <input type="text" value="NA"/>
<input checked="" type="checkbox"/>	15. Has the local unit complied with GASB 34 and other generally accepted accounting principles (GAAP)?
<input checked="" type="checkbox"/>	16. Has the board or council approved all disbursements prior to payment as required by charter or statute?
<input checked="" type="checkbox"/>	17. To your knowledge, were the bank reconciliations that were reviewed performed timely?
<input checked="" type="checkbox"/>	18. Are there reported deficiencies?
<input type="checkbox"/>	19. If so, was it attached to the audit report?

General Fund Revenue:	<input type="text" value="\$235,102"/>
General Fund Expenditure:	<input type="text" value="\$254,861"/>
Major Fund Deficit Amount:	<input type="text"/>

General Fund Balance:	<input type="text" value="\$158,594"/>
Governmental Activities Long-Term Debt (see instructions):	<input type="text"/>

We affirm that we are certified public accountants (CPA) licensed to practice in Michigan. We further affirm the above responses have been disclosed in the financial statements, including the notes, or in the Management Letter (Reported deviations).

CPA (First Name)	Barry	Last Name	Gaudette	Ten Digit License Number	1101011050
CPA Street Address	3994 Sherwood Forest Drive	City	Traverse City	State	MI
				Zip Code	49686
				Telephone	938-2376
CPA Firm Name	Barry E. Gaudette, CPA, PC	Unit's Street Address	731 S. Garfield Ave.	City	Traverse City, MI
				LU Zip	49686

TOWNSHIP OF BRADY
SAGINAW COUNTY, MICHIGAN

REPORT ON FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2008

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Township of Brady
Organization
March 31, 2008

Township Officials

Ronald Gasper

Supervisor

Beverly A. Wenzlick

Clerk

Patricia Goodrich

Treasurer

Suzanne M. Peterson

Trustee

Greg D. Wirostek

Trustee

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

Members of the Township Board
Township of Brady
Saginaw County, Michigan

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Brady, Michigan, as of and for the year ended March 31, 2008, which collectively comprise the Township's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the Township of Brady, Michigan's management. My responsibility is to express opinions on these basic financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinions.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Brady, Michigan, as of March 31, 2008, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Township of Brady
Independent Auditors' Report
Page Two

The financial statements referred to above do not include the Management Discussion and Analysis, which is required supplementary information and should be included in order to conform with accounting principles generally accepted in the United States of America.

Samy E. Taudin, CPA, PC

August 10, 2008

BASIC FINANCIAL STATEMENTS

Township of Brady
Statement of Net Assets
March 31, 2008

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 161,064
Investments	82,796
Taxes receivable	4,375
Prepaid expenses	1,170
Due from other funds	55
Capital assets (net of accumulated depreciation):	
Land	74,515
Buildings	25,471
Building improvements	12,627
Equipment	<u>3,352</u>
Total assets	<u>365,425</u>
LIABILITIES	
Accounts payable	<u>11,723</u>
Total liabilities	<u>11,723</u>
NET ASSETS	
Invested in capital assets	115,965
Unrestricted	<u>237,737</u>
Total net assets	<u>\$ 353,702</u>

See notes to financial statements

Township of Brady
Statement of Activities
For The Year Ended March 31, 2008

Programs	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Fees, Charges for Services</u>	<u>Operating Grants and Contrib.'s</u>	<u>Capital Grants and Contrib.'s</u>
Governmental activities:				
Legislative:				
Trustee wages	\$ 4,655	\$	\$	\$
General government:				
Supervisor	10,000			
Treasurer	12,800		3,193	
Assessor	12,208			
Clerk	10,045			
Elections	4,048		804	
Township hall	19,655			
Cemetery	9,142	1,575		
Other	27,797			
Public safety	30,018	6,904		6,160
Public works	165,338	66,570	3,604	
Community & economic develop.	3,075			
Health & welfare	1,620			
Other:				
Depreciation	4,669			
Miscellaneous	1,130			
Payroll taxes	5,095			
Total governmental activities	<u>\$321,295</u>	<u>\$ 75,049</u>	<u>\$ 7,601</u>	<u>\$ 6,160</u>

General revenues:
Property taxes & related fees
State revenue sharing
Interest
Rents
Miscellaneous
Refunds & reimbursements
Loss on sale of assets
Total general revenues

Change in net assets

Net assets - beginning

Net assets - ending

See notes to financial statements

**Net(Expense) Revenue and
Changes in Net Assets**
Governmental
Activities

\$ (4,655)

(10,000)

(9,607)

(12,208)

(10,045)

(3,244)

(19,655)

(7,567)

(27,797)

(16,954)

(95,164)

(3,075)

(1,620)

(4,669)

(1,130)

(5,095)

(232,485)

60,305

139,484

3,072

7,720

594

1,978

(29,688)

183,465

(49,020)

402,722

\$ 353,702

Township of Brady
Balance Sheet
Governmental Funds
March 31, 2008

	<u>General Fund</u>	<u>Refuse Fund</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 81,921	\$ 79,143	\$ 161,064
Investments	82,796		82,796
Taxes receivable	4,375		4,375
Prepaid expenses	1,170		1,170
Due from other funds	<u>55</u>		<u>55</u>
Total assets	<u>\$170,317</u>	<u>\$ 79,143</u>	<u>\$ 249,460</u>
LIABILITIES			
Accounts payable	<u>\$ 11,723</u>	<u>\$</u>	<u>\$ 11,723</u>
Total liabilities	<u>11,723</u>		<u>11,723</u>
FUND BALANCE			
Fund balance:			
Unreserved:			
General fund	158,594		158,594
Refuse fund	<u>79,143</u>	<u>79,143</u>	<u>79,143</u>
Total fund balance	<u>158,594</u>	<u>79,143</u>	<u>237,737</u>
Total liabilities and fund balance	<u>\$170,317</u>	<u>\$ 79,143</u>	<u>\$ 249,460</u>

See notes to financial statements

Township of Brady
Reconciliation of the Governmental Funds
Balance Sheet
With the Statement of Net Assets
March 31, 2008

Amounts reported for governmental activities in the
statement of net assets are different because:

Total Fund Balance - Governmental Funds	\$ 237,737
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Capital assets used in governmental activities
are not financial resources and therefore are
not reported as assets in governmental funds:

Cost of capital assets	224,015
Accumulated depreciation	<u>(108,050)</u>

Total Net Assets - Governmental Activities	<u>\$ 353,702</u>
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See notes to financial statements

Township of Brady
Statement of Revenues, Expenditures, and Changes
in Fund Balance
Governmental Funds
For The Year Ended March 31, 2008

	<u>General Fund</u>	<u>Refuse Fund</u>	<u>Total Governmental Funds</u>
REVENUES			
Property taxes & related fees	\$ 60,305	\$	\$ 60,305
Licenses & permits	6,904		6,904
Intergovernmental revenue from state:			
State revenue sharing	139,484		139,484
Annual maintenance fee	3,604		3,604
SET	3,193		3,193
Contributions from local units	6,160		6,160
Interest	2,781	291	3,072
Rents	7,720		7,720
Other revenue:			
Miscellaneous	594		594
Special assessments		66,570	66,570
Sale of fixed assets	1,575		1,575
Refunds and rebates	<u>2,782</u>		<u>2,782</u>
Total revenues	<u>235,102</u>	<u>66,861</u>	<u>301,963</u>
EXPENDITURES			
Current:			
Legislative	4,655		4,655
General government	105,695		105,695
Public safety	30,018		30,018
Public works	99,163	66,175	165,338
Community & economic development	3,075		3,075
Health & welfare	1,620		1,620
Other:			
Miscellaneous	1,130		1,130
Payroll taxes	5,095		5,095
Capital outlay	<u>4,410</u>		<u>4,410</u>
Total expenditures	<u>254,861</u>	<u>66,175</u>	<u>321,036</u>
Net change in fund balance	(19,759)	686	(19,073)
Fund balance-beginning	<u>178,353</u>	<u>78,457</u>	<u>256,810</u>
Fund balance-ending	<u>\$158,594</u>	<u>\$ 79,143</u>	<u>\$ 237,737</u>

See notes to financial statements

Township of Brady
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balance of Governmental Funds
To the Statement of Activities
For The Year Ended March 31, 2008

Amounts reported for governmental activities in the
statement of activities are different because:

Total net change in fund balance - governmental funds	\$(19,073)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded (did not exceed) depreciation in the current period.	(259)
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Governmental funds report only the gross
proceeds from the sale of assets, but in
the statement of activities the cost of
the asset and accumulated depreciation are
also accounted for to determine the gain
or loss.

Proceeds	(6,160)
Cost of assets sold	(70,017)
Accumulated depreciation	<u>46,489</u>

Change in net assets of governmental activities	\$(<u>49,020</u>)
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See notes to financial statements

Township of Brady
Statement of Fiduciary Net Assets
March 31, 2008

	<u>Trust & Agency Fund</u>	<u>Tax Collection Fund</u>
ASSETS		
Cash and cash equivalents	\$ _____	\$ _____ 55
Total Assets	_____	_____ 55
LIABILITIES		
Due to other funds	_____	_____ 55
NET ASSETS		
Held in trust for other purposes	<u>\$ _____</u>	<u>\$ _____</u>

See notes to financial statements

Township of Brady
Statement of Changes in Fiduciary Net Assets
For the Year Ended March 31, 2008

	<u>Trust & Agency Fund</u>	<u>Tax Collection Fund</u>
ADDITIONS		
Property tax collections and fees	\$ 34,446	\$1,436,683
Special assessment taxes	66,900	
Trailer taxes	726	
Interest earnings		70
Employee wages & payroll taxes	<u>5,104</u>	
Total additions	<u>107,176</u>	<u>1,436,753</u>
DEDUCTIONS		
Payments to general fund	36,477	59,579
Payments to refuse fund	66,570	
Payments to other governmental units		1,377,174
Payments for employees & payroll taxes	<u>4,129</u>	
Total deductions	<u>107,176</u>	<u>1,436,753</u>
Changes in net assets		
Net assets - beginning	<u> </u>	<u> </u>
Net assets - ending	<u>\$ </u>	<u>\$ </u>

See notes to financial statements

Township of Brady
Notes to the Financial Statements
March 31, 2008

I: Summary of significant accounting policies

The financial statements of the Township of Brady (the Township) have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Township's accounting policies are described below.

A. Reporting entity

The Township is governed by an elected five-member board. The accompanying financial statements present the Township's operations for which the government is considered to be financially accountable. The Township has no component units and is not responsible for any jointly governed organizations.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the Township. For the most part, the effect of the interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The Township has no business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from the goods, services or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The Township has no responsibility for any fiduciary funds. Major individual governmental funds are reported as separate columns in the financial statements.

I. Summary of significant accounting policies (Continued)

C. Measurement focus, basis of accounting and financial statement presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provided have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when a payment is due.

Property taxes, interest, and charges for services associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Township.

The Township property tax is levied each December 1st on the taxable valuation of property (as defined by State statutes) located in the Township as of the preceding December 31st. Real property taxes not collected as of March 1st are turned over to Saginaw County, which advances the Township 100% for the delinquent taxes.

The 2007 real taxable valuation of the Township totaled \$51,312,985, on which ad valorem taxes levied consisted of .8866 mills for Township operating purposes. This amount is recognized in the General Fund as current tax revenue as well as administrative fees of \$14,989 to collect the taxes and applicable interest. There is also a special assessment for refuse pickup.

I. Summary of significant accounting policies (Continued)

C. Measurement focus, basis of accounting and financial statement presentation (Continued)

The Township reports the following major governmental funds:

The *general fund* is the Township's primary operating fund. It accounts for all financial resources of the Township, except those required to be accounted for in another fund.

The special revenue fund is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The *refuse fund* is a special revenue fund.

The Township reports the following fiduciary funds:

The *trust and agency fund* is used to collect payroll wages and payroll taxes from the general fund for disbursement and to collect special assessments from taxpayers for refuse charges. This fund is used to account for resources in a purely custodial capacity.

The *current tax collection fund* is used to account for resources held by the Township in a purely custodial capacity. Money in this fund is from current tax collections. Timely distribution to the appropriate fund and local unit must be made in accordance with Section 43 of the General Property Tax Act.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

The Township did not have any proprietary funds.

When both restricted and unrestricted resources are available for use, it is the government's policy to use unrestricted sources first, then unrestricted resources as they are needed.

I. Summary of significant accounting policies (Continued)

D. Assets, liabilities and net assets

1. Deposits and investments

The Township's cash and cash equivalents are considered to be cash on hand, demand deposits, short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the Township to invest in bonds and other direct and certain indirect obligations of the U.S. Treasury; certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank, saving and loan association, or credit union, which is a member of the Federal Deposit Insurance Corporation, Federal Savings and Loan Insurance Corporation, or Nation Credit Union Administration, respectively; in commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services and which mature not more than 270 days after the date of purchase. The Township is also authorized to invest in U.S. Government or federal agency obligation repurchase agreements, bankers' acceptances of U.S. banks, and mutual funds composed of investments as outlined above.

The Township Board has designated one bank for the deposit of Township funds.

2. Short-term interfund receivables/payable

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet in the governmental fund financial statements. The tax collection fund owes the general fund \$55.

3. Receivables and payables

Property taxes are levied on each December 1st on the taxable valuation of property as of the preceding December 31st. Taxes are considered delinquent on March 1st of the following year, at which time penalties and interest are assessed.

4. Inventories

Inventories of supplies are considered to be immaterial and are not recorded.

I. Summary of significant accounting policies (Continued)

D. Assets, liabilities and net assets (Continued)

5. Prepaid items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

6. Capital assets

Capital assets, which include property, plant, and equipment are reported in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial individual cost of more than \$500 and an estimated useful life in excess of two years. Such assets are recorded as historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Property and equipment of the Township is depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40
Building improvements	15
Equipment	5

7. Compensated absences

The Township does not have a compensated absence policy.

8. Long-term obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net assets.

For governmental fund types, bond premiums and discounts, as well as issuance costs, are recognized during the current period. Bond proceeds are reported as other financing sources net of applicable premium or discount. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures. The Township does not have any long-term obligations.

I. Summary of significant accounting policies (Continued)

D. Assets, liabilities and net assets (Continued)

9. Fund Balance

In the fund financial statements, the unreserved fund balances for governmental funds represent the amount available for budgeting future operations. The reserved fund balances for governmental funds represent the amount that has been legally identified for specific purposes or indicates that a component of assets does not constitute "available spending resources". The designated fund balances for governmental funds represent tentative plans for future use of financial resources.

10. Use of Estimates

The process of preparing financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenditures. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

II: Stewardship, compliance and accountability

A. Budgetary information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at fiscal year end.

The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The Supervisor submits to the Township Board a proposed budget for the fiscal year commencing on April 1. The operating budget includes proposed expenditures and the means of financing them. The level of control for the budgets is at the functional level as set forth in the combined statement of revenues, expenditures and changes in fund balances - budget and actual - GAAP basis - general funds.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to April 1, the budget is legally adopted by the Township Board as a resolution pursuant to the Uniform Budgeting and Accounting Act (P.A. 621 of 1978). The Act requires that the budget be amended prior to the end of the fiscal year when necessary to adjust

II. Stewardship, compliance and accountability (Continued)

A. Budgetary information (Continued)

3. appropriations if it appears that revenues and other financing sources will be less than anticipated or so that expenditures will not be in excess of original estimates. Expenditures shall not be made or incurred, unless authorized in the budget, or in excess of the amount appropriated.
4. The Supervisor is authorized to transfer budgeted amounts between major expenditure functions within any fund; however, these transfers and any revisions that alter the total expenditures of any fund must be approved by the Township Board.
5. Formal budgetary integration is employed as a management control device during the year for the general fund. A budget was not adopted for the refuse fund.
6. The budget as presented, has been amended. Supplemental appropriations were made during the year with the last one approved prior to April 1st.

B. Excess of expenditures over appropriations

During the year ended March 31, 2008, expenditures exceeded appropriations in the activities of assessor, township hall, drain at large, and capital outlay (the legal level of budgetary control) of the general fund by \$1,208, \$436, \$510, and \$410, respectively. These overexpenditures were funded by the available fund balance, in the general fund.

III: Detail Notes on Transaction Classes/Accounts

The following notes present detail information to support the amounts reported in the basic financial statements for its various assets, liabilities, equity, revenues, and expenditures/expenses.

A. Cash and Investments

Deposits

The Township's policies regarding deposits of cash are discussed in Note 1. The table presented below is designed to disclose the level of custody credit risk assumed by the Township based upon how its deposits were insured or secured with collateral at March 31, 2008. The categories of credit risk are defined as follows:

III. Detail notes on transaction classes/accounts (Continued)

A. Cash and Investments (Continued)

Deposits (Continued)

Category 1: Insured by FDIC or collateralized with securities held by the Township (or public trust) or by its agent in its name.

Category 2: Uninsured but collateralized with securities held by the pledging financial institution's trust department or agent in the Township's name.

Category 3: Uninsured and uncollateralized; or collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the Township's name; or collateralized with no written or approved collateral agreement.

		<u>Custody Credit Risk</u>			<u>Total</u>
	<u>Total Bank</u>	<u>Category</u>	<u>Category</u>	<u>Category</u>	<u>Carrying</u>
	<u>Balance</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>Value</u>
Demand					
Deposits	\$ 96,738	\$ 96,738	\$	\$	\$ 81,976
Savings	79,143	79,143			79,143
Total	<u>\$ 175,881</u>	<u>\$175,881</u>	<u>\$</u>	<u>\$</u>	<u>\$161,119</u>

Investments

The Township's policies and applicable laws regarding investments are discussed in Note 1. The table presented below is designed to disclose the level of market risk and custody credit risk assumed by the Township (or public trust) based upon whether the investments are insured or registered and upon who holds the security at March 31, 2008. The categories of credit risk are defined as follows:

Category 1: Insured or registered with securities held by the Township or its agent in the Township's name.

Category 2: Uninsured and unregistered with securities held by counterparty's trust department or agent in the Township's name.

Category 3: Uninsured and unregistered with securities held by the counterparty or by its trust department or agent but not in the Township's name.

	<u>Custody Credit Risk</u>			<u>Carrying</u>	<u>Fair</u>
	<u>Category</u>	<u>Category</u>	<u>Category</u>	<u>Amount</u>	<u>Value</u>
	<u>1</u>	<u>2</u>	<u>3</u>		
Certificate					
of deposits	<u>\$ 20,857</u>	<u>\$ 61,939</u>	<u>\$</u>	<u>\$ 82,796</u>	<u>\$82,796</u>

III. Detail notes on transaction classes/accounts (Continued)

A. Cash and Investments (Continued)

Investments (Continued)

A reconciliation of cash as shown on the statements of net assets follows:

Carrying amount of deposits	\$ 161,119
Investments	<u>82,796</u>

Total	<u>\$ 243,915</u>
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Cash and cash equivalents:

General and refuse funds	\$ 164,814
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Refuse fund	79,135
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Tax collection fund	14,721
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Trust fund	876
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Checks written in excess of deposits	<u>(15,631)</u>
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Total	<u>\$ 243,915</u>
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B. Receivables

The County of Saginaw owes the Township delinquent taxes of \$4,375 for operating purposes as of March 31, 2008.

III. Detail notes on transaction classes/accounts (Continued)

C. Capital assets

Capital asset activity for the year ended March 31, 2008 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 74,515	\$ _____	\$ _____	\$ 74,515
Capital assets being depreciated:				
Buildings	84,898			84,898
Building improvements	11,175	4,410		15,585
Equipment	89,529		(40,512)	49,017
Police vehicles	29,505		(29,505)	
Subtotal	<u>215,107</u>	<u>4,410</u>	<u>(70,017)</u>	<u>149,500</u>
Less accumulated depreciation for:				
Buildings	(57,305)	(2,122)		(59,427)
Building improvements	(2,066)	(892)		(2,958)
Equipment	(82,325)	(1,655)	38,315	(45,665)
Vehicles	(8,174)		8,174	
Subtotal	<u>(149,870)</u>	<u>(4,669)</u>	<u>46,489</u>	<u>(108,050)</u>
Net capital assets being depreciated	<u>65,237</u>	<u>(259)</u>	<u>(23,528)</u>	<u>41,450</u>
Governmental activities capital assets-net of depreciation	<u>\$ 139,752</u>	<u>\$ (259)</u>	<u>\$ (23,528)</u>	<u>\$ 115,965</u>

Depreciation expense was charged to functions/programs of the government as follows:

Governmental activities:	
General government	<u>\$ 4,669</u>
Total depreciation expense -	
governmental activities	<u>\$ 4,669</u>

IV. Other information

A: Risk management

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and employee injuries (workers compensation). The Township has purchased commercial insurance for these types of claims. Settled claims relating to commercial insurance have not exceeded the amount of insurance coverage in any of the past three years.

B: Pension plan

The Township does not have a pension plan.

C: Intergovernmental agreements

The Township has an agreement with a local fire department consisting of several local municipalities to render fire protection to its residents. One of the township board members is appointed to serve on the board of the fire department.

Required Supplementary Information

Township of Brady
General Fund
Statement of Revenues, Expenditures, and Changes
in Fund Balance
- Budget and Actual
For the Year Ended March 31, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>with Final Budget Positive (Negative)</u>
REVENUES				
Property taxes & related fees	\$ 59,434	\$ 59,434	\$ 60,305	\$ 871
Licenses & permits	9,015	9,015	6,904	(2,111)
Intergovernmental revenue from state:				
State revenue sharing	143,000	143,000	139,484	(3,516)
Liquor license fee	425	425		(425)
Annual maintenance fee			3,604	3,604
SET			3,193	3,193
Contributions from local units	10,000	10,000	6,160	(3,840)
Interest	126	126	2,781	2,655
Rents	5,000	5,000	7,720	2,720
Other revenue:				
Miscellaneous	100	100	594	494
Sale of fixed assets	1,000	1,000	1,575	575
Refunds & rebates			2,782	2,782
Total revenues	<u>228,100</u>	<u>228,100</u>	<u>235,102</u>	<u>7,002</u>
EXPENDITURES				
Current:				
Legislative:				
Trustee wages	<u>5,000</u>	<u>5,000</u>	<u>4,655</u>	<u>345</u>
General government:				
Supervisor	10,000	10,000	10,000	
Treasurer	12,800	12,800	12,800	
Assessor	11,000	11,000	12,208	(1,208)
Clerk	10,000	10,000	10,000	
Deputy clerk	500	500	45	455
Elections	4,000	4,048	4,048	
Township hall	17,000	19,219	19,655	(436)
Audit	3,000	3,000	2,900	100
Attorney	2,500	2,500	2,388	112
Board of review	800	1,469	1,469	

Township of Brady
General Fund
Statement of Revenues, Expenditures, and Changes
in Fund Balance
- Budget and Actual
For the Year Ended March 31, 2008
(Continued)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>with</u>
				<u>Final</u>
				<u>Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
EXPENDITURES				
CONTINUED:				
Current (continued):				
General government				
(continued):				
Cemetery	11,000	11,000	9,142	1,858
Dues & memberships	1,300	1,300	1,091	209
Office supplies	2,500	2,500	2,201	299
Communications	2,200	2,200	1,915	285
Transportation	1,000	1,000	566	434
Insurance	15,000	15,000	9,936	5,064
Printing/publishing/ postage	6,000	6,000	5,251	749
County meeting expense	<u>400</u>	<u>400</u>	<u>80</u>	<u>320</u>
Total general government	<u>111,000</u>	<u>113,936</u>	<u>105,695</u>	<u>8,241</u>
Public safety:				
Police	42,300	42,300	23,010	19,290
Building inspections	<u>9,000</u>	<u>9,000</u>	<u>7,008</u>	<u>1,992</u>
Total public safety	<u>51,300</u>	<u>51,300</u>	<u>30,018</u>	<u>21,282</u>
Public works:				
Roads	112,000	112,000	98,653	13,347
Drain at large	<u> </u>	<u> </u>	<u>510</u>	<u>(510)</u>
Total public works	<u>112,000</u>	<u>112,000</u>	<u>99,163</u>	<u>12,837</u>

Township of Brady
General Fund
Statement of Revenues, Expenditures, and Changes
in Fund Balance
- Budget and Actual
For the Year Ended March 31, 2008
(Continued)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>with</u>
				<u>Final</u>
				<u>Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
EXPENDITURES				
CONTINUED:				
Current (continued):				
Community & economic				
development:				
Zoning, planning				
board of				
appeals	<u>6,000</u>	<u>6,000</u>	<u>3,075</u>	<u>2,925</u>
Health & welfare	<u>1,800</u>	<u>1,800</u>	<u>1,620</u>	<u>180</u>
Other:				
Miscellaneous	6,000	6,000	1,130	4,870
Capital outlay	4,000	4,000	4,410	(410)
Payroll taxes	<u>8,000</u>	<u>8,000</u>	<u>5,095</u>	<u>2,905</u>
Total other	<u>18,000</u>	<u>18,000</u>	<u>10,635</u>	<u>7,365</u>
Total				
expenditures	<u>305,100</u>	<u>308,036</u>	<u>254,861</u>	<u>53,175</u>
Net change in fund				
balance	(77,000)	(79,936)	(19,759)	60,177
Fund balance -				
beginning	<u>77,000</u>	<u>79,936</u>	<u>178,353</u>	<u>98,417</u>
Fund balance -				
ending	<u>\$</u>	<u>\$</u>	<u>\$158,594</u>	<u>\$158,594</u>

See notes to financial statements

COMMENTS AND RECOMMENDATIONS

Members of the Township Board
Township of Brady
Saginaw County, Michigan

My examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as I considered necessary in the circumstances.

There was no reason to make any comments or recommendations.

This letter supplements the information in the Financial Statements and Notes to Financial Statements. It is intended solely for the use of management, Township Board, and the Michigan Department of Treasury and should not be used for any other purpose.

Barry E. Gaudette, CPA, P.C.

August 10, 2008